

BANK INDONESIA REGULATION
NUMBER 10/22/PBI/2008
CONCERNING
MEETING OF NEED OF FOREIGN EXCHANGE FOR DOMESTIC COPORATION
THROUGH BANK
WITH THE BLESSING OF GOD ALMIGHTY
THE GOVERNOR OF BANK INDONESIA

- Considering:
- a. that one of the main duties of Bank Indonesia is to achieve and to maintain the stability of rupiah value;
 - b. that the global financial crisis causing impact to the request condition of domestic corporation for foreign exchange in domestic market and causing excessive pressure against rupiah exchange rate;
 - c. that one of the efforts of Bank Indonesia to decrease such pressure is to give assurance on the availability of foreign exchange for domestic corporation;
 - d. that based on consideration as referred to in letter a, letter b, and letter c, it is deemed necessary to regulate the stipulation on Meeting of need of Foreign Exchange for Domestic Corporation through

Bank ...

Bank in a Bank Indonesia Regulation.

- In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3843), as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to State Gazette of the Republic of Indonesia Number 4357);
3. Act Number 24 of 1999 concerning Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia Number 67 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3844);

HAS DECREED

To ...

To enact : BANK INDONESIA REGULATION CONCERNING MEETING OF
NEED OF FOREIGN EXCHANGE FOR DOMESTIC
CORPORATION THROUGH BANK

Article 1

The terminology used in this Bank Indonesia Regulation has the following meaning:

1. Bank is a Commercial Bank as defined in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 including foreign bank branch office and Sharia Commercial Bank as referred to in Act Number 21 of 2008 concerning Sharia Banking.
2. Domestic Corporation is a business entity except Bank having an Indonesia legal body, domiciled in Indonesia, having a Tax Payer Identity Number (NPWP) and Annual Tax Return (SPT).
3. Foreign Exchange hereinafter referred to as Forex is US Dollar.
4. Foreign Exchange loan is the Domestic Corporation obligation that has to be met to creditor, either domestic creditor or overseas creditor based on credit agreement.
5. Import is an activity of sending goods to the custom territory of the Republic of Indonesia based on L/C document.
6. FX Spot is a selling-buying transaction between US Dollar currency against Rupiah currency which transfer of fund is conducted in 2 (two) working days after

transaction ...

transaction date.

7. Reference Number is a combination of number and/or letter determined by Bank functioning to identify the transaction value respectively and economic activity underlying of said transaction.

Article 2

- (1) Bank may submit request of need on Forex against Rupiah to Bank Indonesia for domestic corporation.
- (2) Bank may submit request of need on Forex against Rupiah to Bank Indonesia for government agencies.
- (3) Bank is prohibited to submit request on need of Forex for the interest of Domestic Corporation related to Bank

Article 3

- (1) Submission of request on need of Forex as referred to in Article 2 is obliged to have economic activity underlying in Indonesia.
- (2) Economic activity underlying as referred to in paragraph (1) is to include:
 - a. Forex loan payment;
 - b. import payment; an/or
 - c. other necessities supported by documents, insofar as not for trading and not for investment ...

investment in money market.

Article 4

Bank is to submit request on Forex need as referred to in Article 2 paragraph (1) through FX Spot selling transaction.

Article 5

- (1) Bank is submitting Forex need to Bank Indonesia through window opened every working day from 15:00 WIB (Western Indonesia Time) up to 15:45 WIB.
- (2) The FX Spot rate used is the highest market rate which has been transacted on the relevant day, from 08:00 WIB up to 16:00 WIB.
- (3) FX Spot rate as referred to in paragraph (2) is announced by Bank Indonesia at 16:30 WIB at the latest.
- (4) Bank is submitting joint Forex request for all Domestic Corporations, and/or Government agencies together with the total Forex request to Bank Indonesia through Reuters Monitoring Dealing System one time a day.
- (5) Bank is obliged to include underlying Reference Number together with Tax Payer Identity Number (NPWP) and evidence on settlement of Annual Tax Return (SPT) of 1 (one) year before on the name of Domestic Corporation correctly.
- (6) Bank may conduct buying FX Spot transaction the same as underlying nominal

value ...

value at the most .

- (7) Bank is obliged to be responsible on the meeting of requirements, validity of underlying documents submitted by Domestic Corporation and/or Government agency as well as the fairness of total transaction nominal.
- (8) Bank is obliged to have written statement signed by the authorities on Domestic Corporation affixed with stamp which inserted the following matters:
- a. validity of economic activity underlying type conducted by Domestic Corporation as referred to in Article 3 paragraph (2);
 - b. underlying may only be used in one Bank;
 - c. not to use Forex bought for trading purposes or Forex buying and selling in domestic market or in overseas market including for non deliverable forward (NDF) transaction;
 - d. is not the related party with Bank as referred to in the stipulation of Bank Indonesia which regulates the maximum limit of credit provision;
 - e. maturity of Domestic Corporation obligation is 5 (five) working days at the most after transaction submission;
 - f. economic underlying document held by Domestic Corporation used only for 1 (one) time transaction submission except for transaction which payment obligation is to be conducted in installments.
 - g. the purpose of using Forex is that the customer submitted request for forex fund

only...

only to 1 Bank for one underlying and not to use said forex for trading (buying/selling) purposes either in domestic market or in overseas market including non deliverable forward (NDF).

- (9). Bank is obliged to handle the administration of underlying document and other related documents submitted by Domestic Corporation and/or government agencies as referred to in paragraph (7).
- (10). Bank may submit request of need of Forex for Domestic Corporation to Bank Indonesia as a whole to a maximum of 25% (twenty five per one hundred) from Bank capital in settlement period.
- (11). In the event Bank is submitting a request of need of Forex for Domestic Corporation to Bank Indonesia more than 25% (twenty per one hundred) of the Bank capital in settlement period as referred to in paragraph (10), Bank Indonesia shall reject such request.

Article 6

Bank may conduct revise on data as referred to in Article 5 paragraph (4), Article 5 paragraph (5), and Article 5 paragraph (6) before the closing of window time.

Article 7

Bank may submit request on Forex need to Bank Indonesia when the following

requirements ...

requirements are met:

- a. minimum to hold a Composite Rate (PK) of 3 (three), or
- b. PK 4 (four) or PK 5 (five), insofar as:
 1. having sufficient Rupiah Minimum Obligatory Giro for the position of 5 (five) working days before conducting Forex transaction.
 2. not included in the Special Surveillance Unit (SSU) or Bank Under Soundness treatment (BDP) ; and
 3. not using Short Term Liquidity Facility (FPP) more than 3 (three) times in the last 5 (five) working days.

Article 8

- (1) Bank is obliged to provide sufficient liquidity in rupiah demand deposit account with Bank Indonesia on the value date before 12:00 WIB for finalization of FX buying transaction as referred to in Article 4.
- (2) In the event Bank is unable to provide sufficient liquidity as referred to in paragraph (1) then bank Indonesia shall not deliver the Forex liquidity to related Bank.

Article 9

Sanction

(1) Bank ...

(1) Bank shall be imposed with administrative penalty in the form of written warning and obligation to pay 10% (ten per one hundred) of deviation nominal value for the respective deviation as follows:

- a. To conduct transaction with Bank Indonesia for the purpose of Domestic Corporation which is the related party of Bank as referred to in Article 2 paragraph (3);
- b. To conduct transaction without underlying availability as referred to in Article 3 paragraph (1);
- c. To conduct transaction with underlying outside underlying as referred to in Article 3 paragraph (2);
- d. To conduct transaction which are not meeting the requirements of maturity period on payment obligation as referred to in Article 3 paragraph (3);
- e. To conduct transaction by using the same underlying document more than 1 (one) time for one same Bank or different Bank as referred to in Article 3 paragraph (3); or
- f. Does not provide sufficient liquidity as referred to in Article 8 paragraph (1).

(2) Total penalty on payment obligation as referred to in paragraph (1) maximum Rp20,000,000,000(twenty billion rupiah) per Bank in 1 (one) month.

(3) Bank shall be imposed with a penalty of payment obligation of Rp5,000,000 (five

million ...

million rupiah) for any deviation made here below:

- a. Joint data as referred to in Article 5 paragraph (4);
- b. Validity of NPWP number as referred to in Article 5 paragraph (5);
- c. Maximum limit of underlying nominal value as referred to in Article 5 paragraph (6);
- d. Having no statement as referred to in Article 5 paragraph (8); or
- e. To revise data after the closing of window time as referred to in Article 6 per underlying, per Domestic Corporation, or government agency.

Article 10

Bank Indonesia is entitled to nullify window for submission of Forex need as referred to in Article 5 paragraph 910 at any time by making announcement through Reuters or other communication means at the latest at 10:00 WIB on the same day of window nullifying.

Article 11

This Bank Indonesia Regulation shall become effective on the date enacted.

For the public to be informed, it is ordered to promulgate this Bank Indonesia Regulation in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

Dated 15th October 2008

THE GOVERNOR OF BANK NDONESIA

BOEDIONO

Promulgated in Jakarta

On 15th October 2008

MINISTER OF JUSTICE AND HUMAN RIGHTS

REPUBLIC OF INDONESIA

ANDI MATTALATA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2008 NUMBER 148

DPD

ELUCIDATION ON
BANK INDONESIA REGULATION
NUMBER: 10/22/PBI/2008
CONCERNING
MEETING THE NEED OF FOREIGN EXCHANGE
FOR DOMESTIC CORPORATION
THROUGH BANK

I. GENERAL REVIEW

The global financial crisis occurred nowadays has given high pressure to the economic condition of Indonesia, in particular pressure against rupiah exchange rate. As an institution having its main duty to achieve and to maintain the stability of rupiah exchange rate, Bank Indonesia is making its effort to minimize such pressure by providing assurance on the availability of foreign exchange for domestic corporation to support productive activity in real sector. This also is balanced with the effort to remain minimizing speculative foreign exchange transaction. This policy is expected to help decreasing pressure against rupiah value so as to give positive contribution for Indonesian economy as a whole.

ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3) ...

Paragraph (3)

What is meant by related party of Bank is as regulated in Bank Indonesia stipulation which regulates the minimum limit of credit provision (BMPK).

Article 3

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Other needs to include government agencies need and the haj pilgrimage organizing need.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 4

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Article 5 ...

Article 5

Paragraph (1)

Submission for Forex need to Bank Indonesia preceded by Reference Number.

Paragraph (2)

Highest market rate is obtain from various sources among others is from broker company of Rupiah and Foreign Exchange money market.

Paragraph (3)

Announcement of FX Spot rate is conducted through reuters, bloomberg,
or other communication means.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Reference Number consists of 8 digits which is the combination of
transaction type code according to underlying type:

U = loan }

I = import } + 3 digits of Bank code number according to LHBK +

L = others } 4 digits of document order number

For example: Bank Mandiri :U0080001

Bank BRI : I0020001

Bank BNI : L0090001

Paragraph (6)

Self-explanatory

Paragraph (7)

Self-explanatory

Paragraph (8)

Self-explanatory

Paragraph (9)

Administering period is conducted in accordance with stipulation of legislation which regulates company documents.

Paragraph (10)

What is meant by 25% of bank capital in settlement period is the total Bank transaction with Bank Indonesia up to value date.

Paragraph (11)

Self-explanatory

Article 6

Data revised is conducted through Reuters Monitoring Dealing System.

Article 7

Self-explanatory

Article 8

Self-explanatory

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.

